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Local Reorganization Counsel for
Debtors and Debtors in Possession

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEVADA**

In re:

STATION CASINOS, INC.

- ☒ Affects this Debtor
☐ Affects all Debtors
☐ Affects Northern NV Acquisitions, LLC
☐ Affects Reno Land Holdings, LLC
☐ Affects River Central, LLC
☐ Affects Tropicana Station, LLC
☐ Affects FCP Holding, Inc.
☐ Affects FCP VoteCo, LLC
☐ Affects Fertitta Partners LLC
☐ Affects FCP MezzCo Parent, LLC
☐ Affects FCP MezzCo Parent Sub, LLC
☐ Affects FCP MezzCo Borrower VII, LLC
☐ Affects FCP MezzCo Borrower VI, LLC
☐ Affects FCP MezzCo Borrower V, LLC
☐ Affects FCP MezzCo Borrower IV, LLC
☐ Affects FCP MezzCo Borrower III, LLC
☐ Affects FCP MezzCo Borrower II, LLC
☐ Affects FCP MezzCo Borrower I, LLC
☐ Affects FCP PropCo, LLC
☒ Affects GV Ranch Station, Inc.

Chapter 11

Case No. BK-09-52477

Jointly Administered

BK 09-52470 through BK 09-52487 and
BK 10-50381

**DECLARATION OF THOMAS M.
FRIEL IN SUPPORT OF MOTION TO
APPROVE (I) STIPULATION FOR (A)
REJECTION AND TERMINATION OF
THE LICENSE AGREEMENT; (B)
AMENDMENT OF THE OPERATING
AGREEMENT; (C) PROVISION OF
MANAGEMENT TRANSITION
SERVICES UPON TRANSFER OF
OPERATIONS AND ASSETS OF
GREEN VALLEY RANCH HOTEL AND
CASINO; (D) COMPROMISE OF
DISPUTE OVER USE OF TRADE
NAME, AND (II) ENTRY INTO THE
TRANSITION SERVICES
AGREEMENT**

Hearing Date: April 11, 2011
Hearing Time: 10:00 a.m.
Place: 300 Booth Street
Reno, NV 89509

1 I, Thomas Friel, hereby declare under penalty of perjury:

2 1. I am the Executive Vice President, Chief Accounting Officer, and
3 Treasurer of Station Casinos, Inc., ("SCI"), a Nevada corporation. In this capacity, I am familiar
4 with the day-to-day business operations, assets and financial affairs of SCI and its subsidiaries
5 and affiliates. I have been employed by SCI since July 6, 1999 and have held the above position
6 since March 30, 2007.

7 2. I submit this declaration in support of *Motion to Approve (I) Stipulation*
8 *for (A) Rejection and Termination of the License Agreement; (B) Amendment of the Operating*
9 *Agreement; (C) Provision of Management Services Upon Transfer of Operations and Assets of*
10 *Green Valley Ranch Hotel and Casino; (D) Compromise of Dispute Over Use of Trade Name,*
11 *and (II) Entry Into the Transition Services Agreement, (the "Motion").* Any capitalized terms
12 used but not defined herein I intend to use as defined and/or used in the Motion.

13 3. I am authorized by the Debtors to submit this Declaration in support of the
14 Motion. Except as otherwise indicated, all facts set forth in this Declaration are based upon my
15 personal knowledge, my discussions with other members of the Debtors' senior management, my
16 review of relevant documents or my opinion based upon my experience and knowledge of the
17 Debtors' operations and financial condition. If I were called upon to testify, I could and would
18 testify competently to the facts set forth herein.

19 4. The Motion seeks authorization for SCI and GV Ranch Station, Inc. ("GV
20 Ranch") to enter into (i) that certain Stipulation for (A) Rejection and Termination of the License
21 Agreement; (B) Amendment of the Operating Agreement; (C) Provision of Management
22 Services Upon Transfer of Operations and Assets of Green Valley Ranch Hotel and Casino; and
23 (D) Compromise of Dispute Over Use of Trade Name, between SCI, GV Ranch, GCR Gaming,
24 LLC ("GCR Gaming") and Green Valley Ranch Gaming, LLC (the "Company") (the "Green
25 Valley Stipulation"); and (ii) that certain Transition Services Agreement, by and between SCI,
26 the Company, and Fertitta Entertainment LLC ("FG Manager") (the "Transition Services
27 Agreement").
28

1 5. The Company is a joint venture owned in equal shares by GV Ranch and
2 GCR Gaming. GV Ranch is a wholly owned subsidiary of SCI. GCR Gaming is a non-debtor
3 owned by affiliates of the Greenspun family of Las Vegas, Nevada. The Company is managed
4 by GV Ranch pursuant to the terms of the Operating Agreement entered into by and among the
5 Company, Manager and GCR Gaming, dated as of March 10, 2000, as amended by amendments
6 dated September 17, 2001, December 19, 2003 and December 17, 2004 (as so amended, the
7 “Operating Agreement”). The Company has recently entered into a publicly announced
8 definitive agreement for the sale of substantially all assets through a prepackaged bankruptcy
9 case.

10 6. Under the Operating Agreement, GV Ranch is designated the manager of
11 hotel and casino operations for the Hotel. In addition, the Company heretofore entered into a
12 Licensing and Support Agreement, dated March 10, 2000 (the “License Agreement”) with SCI
13 and GV Ranch, which governed the Company’s use of certain trademarks and other intellectual
14 property owned by SCI. The License Agreement also provided a mechanism whereby SCI
15 would cause GV Ranch to continue to provide management services on a transitional basis after
16 GV Ranch is terminated as manager under the Operating Agreement.

17 7. Pursuant to the Operating Agreement, GV Ranch is entitled to
18 compensation (the “Management Fee”) in consideration of the management services provided to
19 the Hotel by GV Ranch and SCI. The Management Fee is subordinate to the secured term loans
20 issued under the Company’s credit agreements, pursuant to the terms of subordination
21 agreements among the administrative agents designated under the Company’s credit agreements,
22 GV Ranch and GCR Gaming (the “Subordination Agreements”). As of September 2009, the
23 Company ceased paying the Management Fee and certain expense reimbursements to GV Ranch.
24 Accrued and unpaid Management Fees equal \$6,305,443.00 as of August 31, 2010, and continue
25 to accrue.

26 8. In light of the ongoing non-payment of the Management Fee to GV
27 Ranch, SCI and GV Ranch have advised the Company that unless a satisfactory resolution can be
28 negotiated, SCI and GV Ranch may take steps to reject and/or terminate the License Agreement,

1 the Subordination Agreements, and GV Ranch's obligations to the Company under the Operating
2 Agreement (collectively, the "Operating Contracts"). It remains undisputed that an uncontrolled
3 or non-negotiated rejection of the Operating Contracts by SCI or GV Ranch would cause
4 significant harm to the Company and result in rejection damages claims in the Chapter 11 Cases
5 in favor of the Company.

6 9. The terms of the Green Valley Stipulation and the Transition Services
7 Agreement provide for the consensual resolution of several matters that have arisen between the
8 various parties thereto, and represent the parties' good faith intentions to reach a mutual
9 agreement that will allow all parties to proceed toward the Effective Date in an orderly and
10 consensual manner. Among other things, the Green Valley Stipulation and the Transition
11 Services Agreement outline a process by which SCI will provide certain management services to
12 the Company through the Effective Date, for which the Company will be obligated directly to
13 SCI for management fees. The Green Valley Stipulation and the Transition Services Agreement
14 also provide for the sale to the Company of certain personal property that is owned by SCI or GV
15 Ranch. This cash sale will facilitate the ability of the Company to consummate the sale of all of
16 its assets, and includes only specified assets used exclusively at the Hotel and will take place in
17 consideration of mutually agreed fair value consideration, or fair value consideration determined
18 by the Bankruptcy Court on application of the parties to the Transition Services Agreement.


19 10. The parties recognize that the monetary and time costs involved in
20 litigating any of the issues resolved by the Green Valley Stipulation would far exceed the
21 potential benefits thereof, and would necessarily interrupt the Debtors' and the Company's
22 reorganization efforts. Rather than risk expensive, lengthy litigation or the dramatic unrest that
23 would stem from an abrupt contract rejection, the parties have chosen to compromise in order to
24 most efficiently move forward together

25 11. I believe the relief requested in the Motion is necessary, essential and
26 appropriate for enabling SCI and GV Ranch to preserve their respective estates and assure an
27 orderly transition process leading up to the Effective Date.
28

1 I declare under penalty of perjury under the laws of the United States of America that the
2 foregoing is true and correct.

3 Executed this 14th day of March, 2011, in Las Vegas, Nevada.

4
5 By:


Thomas M. Friel